



BILLING CODE: 4810-AM-P

BUREAU OF CONSUMER FINANCIAL PROTECTION

[Docket No.: CFPB-2015-0030]

Request for Information Regarding the Consumer Complaint Database: Data

Normalization

AGENCY: Consumer Financial Protection Bureau.

ACTION: Notice and request for information.

SUMMARY: The Consumer Financial Protection Bureau (“Bureau”) established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), maintains the Consumer Complaint Database (“Database”) as a part of its efforts to provide consumers with timely and understandable information to help enable them to make responsible financial decisions and to enhance market efficiency and transparency.

The purpose of this request for information is to solicit and collect input from the public on how data are presented in the Database.

The Bureau is requesting feedback on best practices for “normalizing” the raw complaint data it makes available via the Database so they are easier for the public to use and understand. To normalize data is to transform “raw” data so that they may be compared in meaningful ways. This transformation increases the interoperability of “raw” data—that is, the extent to which different users can share and make use of the data because they have a common understanding of its meaning. Commenters offered various suggestions on how to approach normalization during

the public comment period leading up to the establishment of the Database; the comments' variety highlighted differing and sometimes conflicting perspectives and concerns. In an effort to continue dialogue on easier ways to compare complaint handling performance, the Bureau requests specific suggestions from market participants, consumers, and other stakeholders on data normalization and its proper implementation within the Database.

DATES: Written comments are encouraged and must be received on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]** to be assured of consideration.

ADDRESSES: You may submit responsive information and other comments, identified by Docket No. CFPB-2015-0030, by any of the following methods:

- *Electronic:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Mail:* Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street, NW, Washington, DC 20006.
- *Hand Delivery/Courier:* Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1275 First Street NE., Washington, DC 20002.

Instructions: The Bureau encourages the early submission of comments. All submissions must include the document title and docket number. Because paper mail in the Washington, DC area and at the Bureau is subject to delay, commenters are encouraged to submit comments electronically. Please note the number associated with any question to which you are responding at the top of each response (you are not required to answer all questions to receive consideration of your comments). In general, all comments received will be posted without change to <http://www.regulations.gov>. In addition, comments will be available for public inspection and

copying at 1275 First Street NE., Washington, DC 20002, on official business days between the hours of 10 a.m. and 5 p.m. Eastern Time. You can make an appointment to inspect the documents by telephoning 202-435-7275.

All submissions, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information, such as account numbers or Social Security numbers, should not be included. Submissions will not be edited to remove any identifying or contact information.

FOR FURTHER INFORMATION CONTACT: For submission process questions please contact Monica Jackson, Office of Executive Secretary, at 202-435-7275. For inquiries related to the substance of this request, please contact Christopher Johnson, Acting Assistant Director of the Office of Consumer Response at 202-435-7455 or Christopher.Johnson@cfpb.gov.

AUTHORITY: 12 U.S.C. 5511(c).

SUPPLEMENTARY INFORMATION: The Bureau hears directly from the American public about their experiences with the nation’s consumer financial marketplace. An important aspect of the Bureau’s mission is the handling of individual consumer complaints about financial products and services. Indeed, “collecting, investigating, and responding to consumer complaints,” is one of six statutory “primary functions” of the Bureau as prescribed in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”).¹

The Bureau considers consumer complaints and gathers information as it monitors markets for risks to consumers and, subject to certain legal constraints, may publish information of which it is made aware.² In June 2012, the Bureau began making individual-level complaint

¹ 12 U.S.C. 5511(c)(2). The Dodd-Frank Act additionally instructs the Bureau to create a “Specific Functional Unit” whose function is “Collecting and Tracking Complaints.” 12 U.S.C. 5493(b)(3).

² 12 U.S.C. 5511(c) and 5512(c).

data available on its website.³ Since then, the Database has been expanded multiple times to include additional financial products and data fields.⁴ Most recently, the Bureau published a final policy statement on disclosure of consumer complaint narrative data.⁵ The Bureau is committed to the continued improvement of the Database in terms of both the fields of data made publicly available as well as the usefulness of, and appropriate formats for, that data. Consistent with these goals, the Bureau is seeking best practices for normalizing relevant data in the Database.

Data Normalization. Throughout the Database’s launch and expansion, the Bureau has solicited feedback on ways to make raw complaint data more meaningful by supplementing that data with a context more useful for consumers and other market participants. For example, providing the total number of complaints against an issuer of credit cards may offer limited opportunities to analyze that company against other credit card issuers. However, additional information on the size of the issuer’s credit card business as compared to others provides another aspect from which consumers may make better informed decisions. This process of giving context to data is commonly referred to as “normalization” in statistical applications. (“Normalization” as discussed here should not be confused with the term “database normalization,” which refers to the technical process of designing an efficient way to store data in a computerized database.)

In its initial proposed policy statement to launch the Database with credit card complaint data, the Bureau expressed the benefits of normalization for both consumers and other

³ Disclosure of Certain Credit Card Complaint Data (Final policy statement), 77 FR 37558 (June 22, 2012).

⁴ See, e.g., Disclosure of Consumer Complaint Data (Final policy statement), 78 FR 21218 (Apr. 10, 2013).

⁵ Disclosure of Consumer Complaint Narrative Data (Final policy statement), 80 FR 15572 (Mar. 24, 2015). The final policy statement on consumer complaint narratives is separate and distinct from this request for information.

stakeholders.⁶ Several commenters responding to the proposal echoed the need for normalized values in the credit card complaint data. One commenter noted the need to distinguish between consumers complaining about open, as opposed to closed, accounts in weighing credit card complaints against an issuer's overall credit card business. Other commenters suggested that normalized values could be achieved by providing an issuer's complaint rate according to their market share. Notably, the comments provided did not coalesce around a single appropriate normalization metric.

In the same issue of the *Federal Register* containing the finalized credit card disclosure policy statement, the Bureau proposed expanding the Database beyond credit card complaint information.⁷ Commenters provided additional feedback on normalization in response to the proposal.⁸ For example, one trade association representing debt collectors suggested the Database include the number of accounts held by the company, annual number of contacts made by the company, and the annual number of complaints made against the company. Additional commenters suggested that the database include information on numbers of transactions or accounts, information on closed or unopened accounts, and portfolio size. One trade association recommended that the normalizing metric be provided by independently verified data.

In the proposed policy statement regarding the expansion of the Database to include consumer narratives, the Bureau again received feedback on the issue of normalization. Several companies, trade associations, and consumer groups submitted comments that reiterated the request for normalization to provide context to the available data. Both large and small institutions expressed concern that failure to indicate the relative share of complaints would

⁶ Disclosure of Certain Credit Card Complaint Data (Notice of proposed policy statement), 76 FR 76628, 76631 (Dec. 8, 2011).

⁷ Disclosure of Consumer Complaint Data (Notice of proposed policy statement), 77 FR 37616 (June 22, 2012).

⁸ Disclosure of Consumer Complaint Data (Final policy statement), 78 FR 21218, 21222 (Apr. 10, 2013).

cause confusion for consumers, resulting in unfair reputational harm. Commenters requested that complaint data and narratives be normalized to reflect institution size as measured by volume of customers or total transactions.

The Bureau now requests specific suggestions for metrics it might implement in the Database to assist in normalizing the complaint data. Specifically, the Bureau is interested in responses to the general questions below:

1. Is data normalization worthwhile, if so, how should the Bureau normalize data?
2. How should “categories” be defined for the purpose of normalizing consumer complaint data? Should we normalize by product, sub-product, issue, geography, or another category?
3. How should a “market” be defined for the purpose of normalizing consumer complaint data? How can “market share” be adequately evaluated and framed? What metrics should be used to evaluate market share? What factors within those metrics are we trying to normalize for, *e.g.*, industry size, company market share, and population?
4. Would normalized data allow for meaningful company-to-company comparisons within a market?
5. Do the answers to the questions above differ based on the various categories reflected in the Database?
6. What metrics would be required to normalize the data, *e.g.*, number of accounts per financial institution, population by ZIP code or other geographic area, etc.? Can these metrics be reliably obtained? Should the Bureau seek to independently verify any normalizing metric that it might use? How could it most reliably and effectively do so?

The Bureau does not anticipate publishing a proposed policy statement on the subject of this request. The Bureau is committed to the continued improvement of the Database to help consumers make informed decisions about the financial marketplace. Consistent with these goals, the Bureau is seeking best practices for normalizing relevant data in the Database.

DATED: June 24, 2015.

Richard Cordray,

Director, Bureau of Consumer Financial Protection.

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